

INTERIM IRM PROCEDURAL UPDATE

DATE: 12/23/2010

NUMBER: OS-10-1210-1757

SUBJECT: Identity Theft Program

AFFECTED IRM(s)/SUBSECTION(s): 10.5.3

CHANGE(s):

IRM 10.5.3.2.1 - added exception for Examination use of Form 12483.

Exception: The Exam Questionable Refund Program may also accept a completed FTC affidavit if it is submitted with Form 12483, *Declaration Statement*, in lieu of the Form 14039, as acceptable evidence of identity theft. The FTC affidavit must include the signature of the victim and the printed name of one witness (a non-relative).

IRM 10.5.3.2.2 - updated table with new identity theft indicator codes.

1. For further detail about each of these indicators, see IRM sections 10.5.3.2.2.1 through 10.5.3.2.2.8.

IRM 10.5.3.2.2.1.1 - added information about the identity protection personal identification number.

6. Beginning in January 2011, an identity protection personal identification number (PIN) will be issued to some taxpayers with an active TC 971 AC 501 on their account.

IRM 10.5.3.2.2.7 - added sub-section about new identity theft indicator related to locking SSNs with no filing requirements.

1. The TC 971 AC 524 is a proactive identity theft indicator that prevents a taxpayer's TIN (SSN or ITIN) from being used as the primary or secondary TIN on a current or subsequent year federal income tax return.

Note: The TIN associated with the TC 971 AC 524 indicator may not be currently associated with identity theft affecting tax administration, but is being applied to the taxpayer's module to prevent misuse of the taxpayer's TIN for identity theft purposes.

Caution: This identity theft indicator differs from the *TC 971 AC 501 - no filing requirement* indicator in that the taxpayer has no current filing requirement and

does not expect to have one in the foreseeable future, and there is no current tax administrative affect.

2. Input of the TC 971 AC 524 is limited and reserved for use by PIPDS, Identity Protection Program but will be visible and available for reference on the individual's account. See Exhibit 10.5.3-16 for information about this indicator.

3. The TC 971 AC 524 indicates that the legitimate owner of the TIN has **both** of the following conditions present currently or in the near future:

- a. No filing requirement. See IRM 10.5.4.2.2.7(4) below for criteria.
- b. Not required to file a federal tax return in the near future

4. For the purpose of the TC 971 AC 524 indicator, "no filing requirement" includes **all** of the following:

- a. Taxable income is below the minimum amount for their filing status
- b. Does not qualify for a refund of withholdings
- c. Does not qualify for a refund of credits
- d. Does not qualify for a refund of any other item that requires the filing of a federal income tax form

5. The TC 971 AC 524 indicator is applied systematically and will cause a tax return to not post to Masterfile.

- a. Electronic returns will receive an error code and be auto-voided
- b. Paper returns will unpost using UPC 147 RC 4 and be auto-voided

6. A systemic account lock occurs when PIPDS uses Social Security Administration (SSA) or other internal or external information to lock an account using an automated program. The data necessary and the automated program will vary based on the type of taxpayer account that is being locked. SSNs that are identified through external sources but do not have accounts on Masterfile, will have accounts created using TC 000 and entity information contained in the data, and locked to prevent future use.

7. IRS will lock taxpayer accounts based on specific classifications. Each classification will have its own criteria, requirements, and procedures.

Note: The specific categories for the TC 971 AC 524 will be phased in with the goal of creating a comprehensive list of taxpayers who do not have a filing requirement as defined in IRM 10.5.3.2.2.7(3) and (4).

8. Effective January 1, 2011, placement of the TC 971 AC 524 is limited to the systemic identification of deceased taxpayer SSNs.

IRM 10.5.3.2.3 - updated FAQ.

5. Can there be more than one identity theft TC 971 placed on a taxpayer's account?

- a. Yes, there can be multiple identity-theft related TC 971s input/present on a taxpayer's account (e.g., different action codes, different tax years, and/or different functions). There are certain action codes (e.g., 501, 504, or 506) that can be placed multiple times on an account. Each indicator represents an incident that meets the criteria of the specific indicator placed on the account. For further detail on each TC 971 identity theft indicator, see IRM 10.5.3.2.2.

IRM 10.5.3.3 - sub-section moved to IRM 10.5.1.

1. BOD/Function

Term/Acronym	Description
OS	Operation Support